

Chairperson: Steve Cady, 278-4347

Clerk: Carol Mueller 278-4228

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, November 15, 2010 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Jackie Russell, and Steve Cady (Chair)

SCHEDULED ITEMS:

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

The Committee did not go into closed session.

1. 10DC25 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

There were no appeals.

2. 10DC13 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:15 The Chair provided an update on the quarterly report (copy attached to original minutes) stating the number of participants increased slightly. He discussed the matter of the settlement with the Securities and Exchange Commission (SEC) regarding Strong Capital Management, Inc. A check has been distributed to the Plan and deposited into the forfeiture account. The Chair reminded the Committee that the fee holiday is in place through the first quarter of 2011.

Questions and comments ensued.

ACTION BY: (Ceschin) Extend the Administrative Fee Plan Holiday through the fourth quarter of 2011. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

3. 10DC14 From Great-West Retirement Services, Third Quarter Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Sue Oelke, Great-West Retirement Services
Charmaine Martin, Great-West Retirement Services

- 00:29 Ms. Oelke reviewed the Third Quarter Report (copy attached to original minutes) by discussing investment and new employee enrollment seminars, pre-retirement workshops, information tables set up in various areas around the County, on-site visits, and the marketing campaign. In addition, she reviewed group meetings, office activity, enrollments, contributions, distributions, in-force accounts, rollovers into the Plan, website activity, service center calls, and emergency withdrawals.

Questions and comments ensued.

The Committee took no action regarding this informational report.

4. 10DC15 From Advised Assets Group, Third Quarter Stable Value Fund Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

- 00:14 The Chairman stated this is the quarterly summary (copy attached to original minutes) on the Stable Value Fund including all of its holdings. The fourth quarter credit rate that is being credited to the Stable Value Fund holdings is 4.25%. The market value of assets are substantially greater than the book value of assets.

Questions and comments ensued.

The Committee took no action regarding this informational report.

5. 10DC16 From Ennis Knupp and Associates, Third Quarter Market Recap presentation. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

- 00:20 Ms. Nicholson stated overall, the third quarter was very strong. The U.S. markets were up, which, in turn, brought year-to-date results up. Unemployment remains a concern in the economy. It was a volatile quarter. The return was mainly gained through September, as the market advanced pretty strongly. All the major

SCHEDULED ITEMS (CONTINUED):

economic sectors in the U.S. Market were also strong during the third quarter. Ms. Nicholson continued by discussing market performance by style; small, mid-cap, and large cap stocks; international merging markets; bonds, including corporate and government; and commercial mortgages. She went on to state year-to-date, the markets are still strong. Nice gains are still being seen through October and into the month of November. It looks as though the year as a whole will end up positive.

The Committee took no action regarding this informational report.

6. 10DC17 From Ennis Knupp and Associates, Third Quarter 2010 Performance Report. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

00:43 Ms. Martinez discussed performance from the T. Rowe Price (TRP) Strategy funds as well as the Vanguard Target Retirement funds. Positive returns were seen for TRP funds for the quarter, outperforming their respective benchmarks. Vanguard Target Retirement funds were also positive for the quarter and approximating their benchmarks. With regard to the Vanguard Target Retirement fund, in September, Vanguard announced three modifications to these funds. She discussed these modifications in detail. All modifications were viewed as positive.

Ms. Martinez continued to provide the Committee with an update as it relates to the Third Quarter 2010 Performance Report (copy attached to original minutes) by highlighting the following areas: the Market Environment (U.S. Market, International Market, and Bond Market), Fixed Income Funds, the investment outlook, and Ennis Knupp's view on current markets.

Questions and comments ensued.

ACTION BY: (Grady) Use Vanguard Target Retirement Funds as the default investment option for any undesignated monies that come into the Plan and have outside legal counsel review for purposes of amending the Plan Document for this provision, if necessary. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

7. 10DC18 From Ennis Knupp and Associates, proposed revisions to the Investment Policy Statement guidelines for the Stable Value Fund. **(Laid over 8/2/10 pending review by legal counsel)**

SCHEDULED ITEMS (CONTINUED):

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

- 00:59 Ms. Nicholson stated they took a look at the guidelines for the Stable Value Fund and thought they could be tightened up and expanded upon just to add clarity to how this portfolio is managed and monitored. Great-West was asked to come back with a new set of guidelines that further expands upon the investment approach and the allowable investments. There are further proposed changes to what was presented at the last meeting of the Committee.

Ms. Nicholson reviewed the changes in detail.

ACTION BY: (Grady) Approve the updated revisions to the Investment Policy Statement Guidelines for the Stable Value Fund. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

8. 10DC26 From Ennis Knupp and Associates, the Annual Plan Review.

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

- 00:16 Ms. Nicholson and Ms. Martinez provided the Committee with an overview from a benchmarking standpoint comparing key statistics of the Plan to what other retirement savings plans are doing by looking at the Plan features, the investment option structure for changes, fine tuning, and anything the Committee should consider. Comparisons were made of Milwaukee County's Plan characteristics to those of 401K plans as reported by the Profit Sharing 401K Counsel of America survey. They continued by highlighting the Plan's current circumstances, participation rates versus peers and historical transfers, automatic features, investment structure, the number of funds offered, the right investment structure, types of investment options, global equity, participant asset allocation, fees, cost structure, and investment management fees. Overall, Ennis Knupp thinks the Plan is doing very well and offers a diversified set of investment fund options across asset types, investment styles, and the risk/return spectrum. When looking at overall Plan costs, Ennis Knupp believes they are reasonable if not competitive.

Ms. Nicholson provided information regarding the Mutual Fund settlement and recommended the proceeds be used to pay Plan expenses.

Questions and comments ensued.

SCHEDULED ITEMS (CONTINUED):

ACTION BY: (Grady) Retain the settlement proceeds in the forfeiture account and use it to pay Plan expenses. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

9. 10DC27 Next regularly scheduled meeting of the Select Committee on Deferred Compensation:

- February 7, 2011
- May 9, 2011
- August 1, 2011
- November 14, 2011

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

The Chairman indicated that the next regularly scheduled meeting is February 7, 2011.

The Committee took no action regarding this informational report.

This meeting was recorded. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting, is available in the County Board Committee Services Division.

Length of meeting: 9:05 a.m. to 11:24 a.m.

Adjourned,

Jodi Mapp

Committee Clerk

Select Committee on Deferred Compensation

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Adjourned,

Jodi Mapp

Committee Clerk

Select Committee on Deferred Compensation